

**Physician retention plans help reduce costs and optimize revenues.  
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Abstract:

Danville, PA-based Penn State Geisinger Health System has implemented a physician retention program for its multispecialty group practice to lower costs related to physician recruitment. The company conducted research prior to the development of the plan to examine ways to reduce physician turnover within the organization. Penn State Geisinger formulated its physician retention program based on the findings of the research and focused on recruitment, preemployment, employment and postemployment.

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Recruiting primary care physicians can cost a large practice millions of dollars in recruitment expenses and lost revenue. And competition among practices to attract physicians can cause a position to remain unfilled for a year or longer. Thus, the ability to retain physicians is critical to the financial well-being of a practice. Successful implementation of a physician retention plan can help reduce turnover, improve morale among the physicians, and foster a perception of a practice as a health services provider of choice.

Penn State Geisinger Health System, Danville, Pennsylvania, developed a physician retention plan for its multispecialty group practice of nearly 1,000 physicians to reduce its costs associated with physician recruitment. The plan is organized into four phases of physician employment: recruitment, preemployment, employment, and postemployment.

Physician turnover can be costly for all medical practices, particularly large ones. Physician retention, therefore, is an important cost-avoidance strategy and an important way to maintain the continuity of healthcare services. Practices should work to be perceived by physicians as the health services employer of choice and continually strive for improvement. These goals are facilitated by having a physician retention plan in place before recruitment begins.

Penn State Geisinger Health System, Danville, Pennsylvania, conducted research for the development of such a physician retention plan to reduce its physician attrition rate. Penn State Geisinger is an integrated delivery system comprising four hospitals, a not-for-profit, multispecialty group practice of nearly 1,000 physicians, and the nation's largest rural HMO in terms of covered lives. Penn State Geisinger employs more than 200 nonphysician providers, provides care to a patient population of 4.4 million through 80 practice sites, and offers more than 30 residency and fellowship programs. Penn State Geisinger estimated that replacing one primary care physician can result in \$20,000 to \$26,000 in recruitment costs, loss of \$300,000 to \$400,000 in annual gross billings, loss of \$300,000 to \$500,000 in inpatient revenue, plus additional loss of specialty referral revenue. based on limited data, Penn State Geisinger estimated that physician turnover rates range from 10 to 15 percent nationally. For a practice with at

least 100 physicians, the financial impact from turnover can be in the millions of dollars. In addition, the fierce competition among practices for primary care physicians may result in positions remaining unfilled for a year or longer.

Generally, many factors, rather than a single event, contribute to physician attrition. Penn State Geisinger's research showed the most significant reasons for physician turnover included:

- \* Lack of physician "fit" with partners and the practice environment;
- \* Lack of clear communication of expectations to physicians during recruitment;
- \* Absence of two-way communication between physicians and practice management;
- \* Failure to include physicians in the decision-making process; and
- \* Lack of appreciation/recognition of physicians.

Based on this research, Penn State Geisinger organized its physician retention plan into four phases of physician employment: recruitment, preemployment, employment, and postemployment. Since the plan's implementation in 1996-97, early estimates indicate that Penn State Geisinger's physician turnover may decline by 15 percent, saving the system an estimated \$100,000 in recruitment costs as well as millions of dollars in lost revenues.

Physician retention plans at other organizations can be designed along the lines of Penn State Geisinger's plan and should yield equally positive results.

#### Recruitment

Before candidates are identified and interviewed, a practice's physician recruitment department should help interviewers develop a site profile that includes all employment qualifications and expectations of physicians recruited for the practice. Both the site profile and the professional staff recruitment plan should be completed before recruitment begins. The recruitment phase involves selecting search advisors, screening candidates for fit, establishing mutual expectations, and offering additional no-cost benefits.

Selecting search advisors. A search advisor should be selected by senior leadership for each region, division, or department organizational structure of a multisite practice. The advisor could be a senior vice president, a clinical chairman, or a physician leader. In a large organization, search advisors should take responsibility for the recruitment program for their region and should communicate with the physician recruitment department regarding position openings, salary ranges, professional staff recruitment plans, contract negotiations, and the site profile.

Each regional search advisor should appoint a physician search director for each site that is actively recruiting to oversee and coordinate the recruitment process at the local level. The local search director should be responsible for screening candidates, conducting preliminary phone interviews, and designating a local recruitment coordinator to support the interview process by scheduling site interviews, making travel arrangements, and coordinating interview-related events. The recruitment department should advise and support the coordinator.

Screening candidates for fit. The best retention strategy is to hire the right person in the first place. During a preliminary phone interview, the search director should determine whether candidates seem compatible with the practice environment before inviting them

for on-site interviews. Ascertaining fit can be accomplished by asking about matters such as their style of practice, professional goals, why they want to change practices, and whether the community in which they would be practicing would meet their lifestyle preferences.

On-site interviewers should talk not only with the candidate but also with the candidate's spouse, if there is one, particularly with respect to local career opportunities, housing, and schools. Time should be allowed to conduct a community tour.

Establishing mutual expectations. Mutual expectations should be discussed during the interview and confirmed before an offer is made. Discussions should cover patient load; work and call schedules; committee responsibilities; teaching responsibilities, if applicable; and ramping up their practice. Ramping up the practice means initially establishing a lower number of patients per day and gradually increasing this number over a six-month period until the physician is meeting the practice's benchmark work load. This procedure gives new physicians an opportunity to acclimate to the practice's paperwork requirements and policies and procedures. Other topics that should be discussed include support issues (eg, provision of a computer, nurse, secretary, physician assistant), research opportunities, continuing medical education support, information systems capabilities, and compensation plan features. Once agreed upon, the expectations should be put in writing.

Offering additional no-cost benefits. One cost-effective tool for retaining physicians is to offer them additional benefits that put little financial strain on the organization. Such benefits include discounted auto and home insurance, a payroll deduction plan, a dry-cleaning pickup service, a photo drop-off service, an on-site automatic teller machine, sick-child day care subcontracted to a local day care center, discounts on fitness center memberships, and no-cost smoking cessation programs.

#### Preemployment

The preemployment phase involves confirming mutual expectations, developing and implementing a formal practicewide physician orientation program, and developing a mentor relationship. Confirming mutual expectations. Before an offer is made, the interviewer should review and confirm expectations of both management and the physician. Developing and implementing a formal practicewide physician orientation program. An orientation program permits newly hired physicians and midlevel providers (physician assistants, nurse practitioners, certified nurse anesthetists, and midwives) to meet senior management and learn about the practice's strategies, market, managed care relationships, clinical programs, residency teaching, rotations, continuing education, research opportunities, risk management, and recruiting. The program should include an on-site orientation to familiarize physicians with the ramping-up process, including time frames for reaching full work loads, individuals with whom they will frequently interact, and paperwork requirements. Developing a mentor relationship. A mentor relationship with a nonsupervisory physician can help a new physician become oriented to the practice and the communities it serves. The site director should select the mentor, and time should be made in the mentor's schedule to perform mentoring duties.

#### Employment

The employment phase involves fostering two-way communication, implementing a physician recognition program, and providing interregional or site transfer opportunities.

Fostering two-way communication. Physician supervisors should schedule regular individual and group meetings with new physicians to answer questions, discuss concerns, and provide feedback. Resolution of questions, concerns, and complaints should be a priority. How problems are resolved affects physicians' morale. Physicians should know whom to call to resolve problems efficiently.

Holding regional or systemwide forums twice a year is a good way to meet with the group and encourage two-way communication. Smaller organizations should get all physicians and midlevel providers together to talk about issues. Forums should be hosted by the respective regional leaders. Implementing a physician recognition program. Staff physician recognition programs reward physicians for outstanding performance and boost morale. To establish such a program, a workgroup consisting of physician leaders and staff physicians should be formed to develop a practicewide recognition program.

Providing interregional or site transfer opportunities. Although a physician may provide high-quality, cost-effective care to patients, the working relationship may fail on a personal level. Upon learning that a physician is unhappy, a site director should schedule a meeting to discuss the problem. If the problem is irreconcilable, the physician warrants retention, and the practice has multiple sites, an interregional or site transfer should be suggested.

If a transfer is appropriate, sites for consideration should be determined. On-site interviews should be scheduled for the physician as in the normal recruitment process. When a fit is determined relocation to that area, if necessary, should be arranged as a part of the compensation/benefit package.

#### Postemployment

The physician recruitment department should conduct an exit interview with every physician who leaves a system practice. The information learned during the interview should be documented so that recurring problems can be identified. An analysis of the interview results should be distributed to regional managers on a timely basis (eg, quarterly), with a request for an action plan when circumstances warrant.

#### Conclusion

Implementing an effective physician retention plan is one strategy health systems and group practices can use to reduce recruitment-related costs and optimize revenues. A physician retention plan can help streamline recruitment and retention, thereby improving the chances of hiring the right person in the first place.

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